

Embargoed until 0930 JST (0030 UTC) 24 September 2019

Jibun Bank Flash Japan Composite PMI®

Including Jibun Bank Flash Japan Manufacturing and Services PMI®

September PMI rounds off robust quarter for Japan

Key findings

Flash Composite Output Index, Sep: 51.5
(Aug Final: 51.9)

Flash Services Business Activity Index, Sep: 52.8
(Aug Final: 53.3)

Flash Manufacturing PMI, Sep: 48.9
(Aug Final: 49.3)

Today sees the latest release of the Jibun Bank Flash Japan Composite PMI®. Published on a monthly basis approximately one week before final PMI data are released, this makes the PMI the earliest available indicator of private sector operating conditions in Japan. The estimate is typically based on approximately 85%–90% of total PMI survey responses each month and is designed to provide an accurate indication of final PMI data.

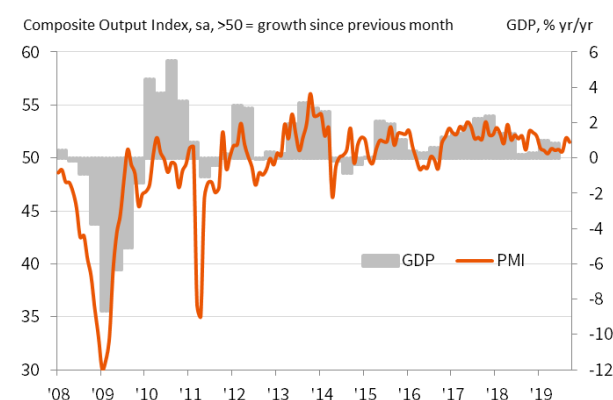
Commenting on the latest survey results, Joe Hayes, Economist at IHS Markit, said:

“The resilience of Japan’s service sector to the struggles of the country’s manufacturers continued to shine through during September. As a result, it’s looking like Japan will boast what will be a robust rate of growth in the current climate for the third quarter.

“Anecdotal evidence further highlighted the strong external headwinds Japanese manufacturers were faced with, namely US-China trade tensions, the Hong Kong protests, Brexit and the diplomatic dispute between Japan and South Korea. The positive takeaway remains that symptoms of economic weakness have yet to spread to the services sector.

“Although, whether the third quarter performance can offset what is likely to be a challenging fourth quarter as consumers and businesses adjust to the sales tax hike is not guaranteed. If history is anything to go by, the final few months of 2019 will be difficult for Japanese businesses and consumers alike.”

Jibun Bank Japan Composite Output Index



Index summary

Index	Sector	Interpretation
Output	Composite	Weaker growth
	Manufacturing	Stronger decline
	Services	Weaker growth
New Orders	Composite	Stronger growth
	Manufacturing	Weaker decline
	Services	Stronger growth
New Export Orders	Composite	Weaker decline
	Manufacturing	Weaker decline
	Services	Stronger growth
Employment	Composite	Unchanged since previous month
	Manufacturing	Weaker growth
	Services	Decline, change of direction
Backlogs of Work	Composite	Decline, change of direction
	Manufacturing	Stronger depletion
	Services	Slower accumulation
Output Prices	Composite	Softer inflation
	Manufacturing	Weaker deflation
	Services	Softer inflation
Input Prices	Composite	Stronger inflation
	Manufacturing	Weaker inflation
	Services	Stronger inflation
Future Output	Composite	Weaker positive outlook
	Manufacturing	Weaker positive outlook
	Services	Weaker positive outlook
Stocks of Purchases	Manufacturing	Stronger decline
Stocks of Finished Goods	Manufacturing	Stronger decline
Quantity of Purchases	Manufacturing	Stronger decline
Suppliers' Delivery Times	Manufacturing	Quicker, change of direction

Jibun Bank Flash Japan Manufacturing PMI®

The Jibun Bank Japan Manufacturing PMI® is compiled by IHS Markit from survey responses from a panel of around 400 manufacturers. The headline figure is the Purchasing Managers' Index (PMI), a composite single-figure indicator of manufacturing performance. The PMI is a weighted average of the following five indices: New Orders (30%), Output (25%), Employment (20%), Suppliers' Delivery Times (15%) and Stocks of Purchases (10%). For the PMI calculation the Suppliers' Delivery Times Index is inverted so that it moves in a comparable direction to the other indices.

The headline Jibun Bank Japan Manufacturing Purchasing Managers' Index™ (PMI)® continued to flag a deteriorating goods-producing sector, with the latest reading remaining below the 50.0 no-change mark. At 48.9 in September, the PMI was down from August's reading of 49.3 and the lowest since June 2016.

Jibun Bank Flash Japan Services PMI®

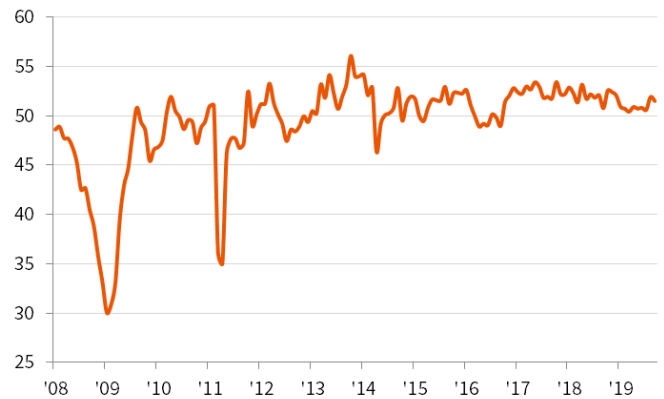
The Jibun Bank Japan Services PMI® is compiled by IHS Markit from survey responses from a panel of around 400 service sector companies. The sectors covered include consumer (excluding retail), transport, information, communication, finance, insurance, real estate and business services. The headline figure is the Services Business Activity Index, which tracks changes in the volume of business activity compared with one month previously. A reading above 50 indicates an overall increase compared to the previous month, and below 50 an overall decrease.

Having reached its highest mark since October 2017 in August, the seasonally adjusted Business Activity Index declined to 52.8 in September (53.3 previously), signalling a still robust, but slower rate of expansion in service sector output.

Although new orders increased at a slightly quicker rate than in August, employment declined for the first time in almost three years amid reports of increased retirements. Meanwhile, future output expectations moderated to a 25-month low.

Jibun Bank Japan Composite Output PMI®

PMI, sa, >50 = improvement since previous month

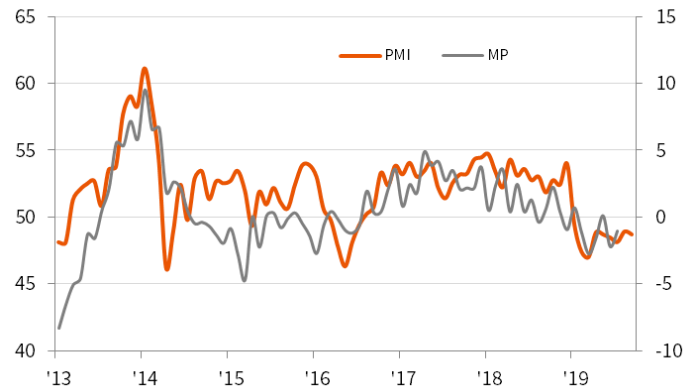


Sources: Jibun Bank, IHS Markit.

Manufacturing output

PMI Manufacturing Output Index
sa, >50 = growth since previous month

Manufacturing production
%yr/yr

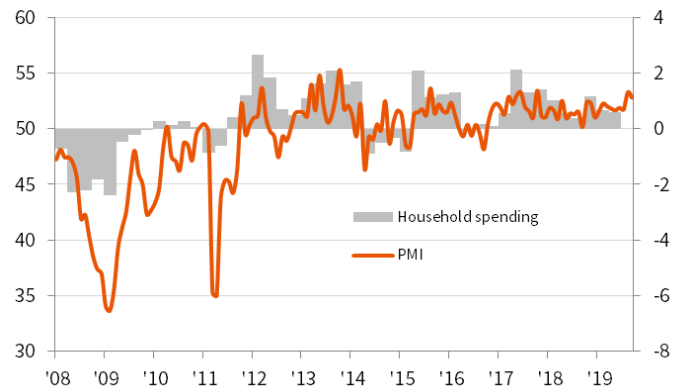


Sources: Jibun Bank, IHS Markit, METI.

Services business activity

PMI Services Business Activity Index
sa, >50 = growth since previous month

Household spending, services
%yr/yr



Sources: Jibun Bank, IHS Markit, Cabinet Office.

Contact

Jibun Bank
Grp-S-M-IT@jibunbank.co.jp

Joe Hayes
 Economist
 IHS Markit
 T: +44 1491 461 006
joseph.hayes@ihsmarkit.com

Bernard Aw
 Principal Economist
 IHS Markit
 T: +65 6922 4226
bernard.aw@ihsmarkit.com

Joanna Vickers
 Corporate Communications
 IHS Markit
 T: +44 207 260 2234
joanna.vickers@ihsmarkit.com

Methodology

The Jibun Bank Japan Composite PMI® is compiled by IHS Markit from responses to questionnaires sent to a panel of around 400 service sector companies and a panel of around 400 manufacturers. The service sectors covered include consumer (excluding retail), transport, information, communication, finance, insurance, real estate and business services. The panels are stratified by detailed sector and company workforce size, based on contributions to GDP.

Survey responses are collected in the second half of each month and indicate the direction of change compared to the previous month. A diffusion index is calculated for each survey variable. The index is the sum of the percentage of 'higher' responses and half the percentage of 'unchanged' responses. The indices vary between 0 and 100, with a reading above 50 indicating an overall increase compared to the previous month, and below 50 an overall decrease. The indices are then seasonally adjusted.

Composite indices are weighted averages of comparable manufacturing and services indices. Weights reflect the relative size of the manufacturing and service sectors according to official GDP data.

The headline figure is the Composite Output Index. This index is a weighted average of the Manufacturing Output Index and the Services Business Activity Index. The Composite Output Index may be referred to as the 'Composite PMI' but is not comparable with the headline manufacturing PMI figure.

The headline services figure is the Services Business Activity Index. This is a diffusion index calculated from a question that asks for changes in the volume of business activity compared with one month previously. The Services Business Activity Index is comparable to the Manufacturing Output Index. It may be referred to as the 'Services PMI' but is not comparable with the headline manufacturing PMI figure.

The headline manufacturing figure is the Purchasing Managers' Index (PMI), a composite single-figure indicator of manufacturing performance. The PMI is a weighted average of the following five indices: New Orders (30%), Output (25%), Employment (20%), Suppliers' Delivery Times (15%) and Stocks of Purchases (10%). For the PMI calculation the Suppliers' Delivery Times Index is inverted so that it moves in a comparable direction to the other indices.

Flash indices are released approximately one week before the 'final' indices. Flash indices are typically based on approximately 85%–90% of total PMI survey responses each month and are designed to provide an accurate indication of final indices.

Final underlying survey data are not revised after publication, but seasonal adjustment factors may be revised from time to time as appropriate which will affect the seasonally adjusted data series.

September 2019 flash data were collected 12-19 September 2019. For further information on the PMI survey methodology, please contact economics@ihsmarkit.com.

Jibun Bank Japan PMI is sponsored by Jibun Bank Corporation

Jibun Bank is an internet retail bank established in 2008 by a joint investment of KDDI – a major telecommunication service provider – and MUFG Bank – Japan's largest bank –. As a "smartphone-centric bank", Jibun Bank has over 3.4 million customer accounts and focuses on providing high-quality financial services via smartphones.

Jibun Bank provides unique services such as "Smartphone ATM", a service allowing to deposit and withdraw money from teller machine without cash card by just scanning a QR code shown on the smartphone app, and "AI Foreign Currency Forecast", a foreign currency trading support tool that predict the rise of foreign exchange rate based on past trend deep learned by an AI (artificial intelligence).

As a member of the "au Financial Group", Jibun Bank aims to play a major role in providing comprehensive smartphone-centric banking services in line with the "Smart Money Concept" and enhance customer experience.

About IHS Markit

IHS Markit (NYSE: INFO) is a world leader in critical information, analytics and solutions for the major industries and markets that drive economies worldwide. The company delivers next-generation information, analytics and solutions to customers in business, finance and government, improving their operational efficiency and providing deep insights that lead to well-informed, confident decisions. IHS Markit has more than 50,000 business and government customers, including 80 percent of the Fortune Global 500 and the world's leading financial institutions.

IHS Markit is a registered trademark of IHS Markit Ltd. and/or its affiliates. All other company and product names may be trademarks of their respective owners © 2019 IHS Markit Ltd. All rights reserved.

If you prefer not to receive news releases from IHS Markit, please email joanna.vickers@ihsmarkit.com. To read our privacy policy, click [here](#).

About PMI

Purchasing Managers' Index™ (PMI®) surveys are now available for over 40 countries and also for key regions including the eurozone. They are the most closely watched business surveys in the world, favoured by central banks, financial markets and business decision makers for their ability to provide up-to-date, accurate and often unique monthly indicators of economic trends. To learn more go to ihsmarkit.com/products/pmi.html.

Disclaimer

The intellectual property rights to the data provided herein are owned by or licensed to IHS Markit. Any unauthorised use, including but not limited to copying, distributing, transmitting or otherwise of any data appearing is not permitted without IHS Markit's prior consent. IHS Markit and Jibun Bank shall not have any liability, duty or obligation for or relating to the content or information ("data") contained herein, any errors, inaccuracies, omissions or delays in the data, or for any actions taken in reliance thereon. In no event shall IHS Markit or Jibun Bank be liable for any special, incidental, or consequential damages, arising out of the use of the data. Purchasing Managers' Index™ and PMI® are either registered trade marks of Markit Economics Limited or licensed to Markit Economics Limited. IHS Markit is a registered trademark of IHS Markit Ltd. and/or its affiliates.